

TAX INFO

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Latest update on GST Law: Information regarding Inspection Services for foreign companies (which do not have any business place/agency in India) in India is not considered as an export.

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Name of Applicant	M/s. International Inspection Services Private Limited
Name of Court	Telangana State Authority For Advance Ruling
Ruling Number	TSAAR Order No. 33/2021
Date of Judgement	29.12.2021

Facts of the Case:

Applicant supply inspection services during the manufacturing of equipment in India and also abroad. They perform the inspection services for their foreign clients in respect of the equipment/machinery/material in India but which is intended to be exported. They receive inspection charges from their clients in foreign currency. The applicant is in the business of inspection services wherein they certify the quality and quantity of the goods being supplied by Indian Supplier to a foreign recipient and are being ultimately exported. As the goods are ultimately exported to outside the country, clarification regarding liability of their supplies to tax is sought.

Questions raised:

1. Whether services rendered for foreign companies (which do not have any business place/agency in India) in India is considered as an export or not?
2. Whether services provided in respect of goods that are being exported are also considered as Export of services?

Findings & Ruling:

The recipient of services provided by the applicant is a foreign buyer of Indian goods. The applicant performs services in relation to goods located or under manufacture in the territory of India on behalf of the foreign buyer.

The liability to tax in this situation is governed by the place of supply rules under Section 13 of the IGST Act, 2017. This Section deals with place of supply of services where location of supplier or location of recipient is outside India. Section 13(3) says the place of supply of the following services shall be the location where the services are actually performed.

In the instant case, the location of the recipient is outside India however the location where the services are actually performed in respect of goods is in the Country. Therefore the place of supply of services provided by the applicant are within the Country and hence liable to SGST & CGST in the State of Telangana.

Ruling

1. Whether services rendered for foreign companies (which do not have any business place/agency in India) in India is considered as an export or not?

Place of supply of services provided by the applicant are within the Country and hence liable to SGST & CGST and will not be treated as export.

2. Whether services provided in respect of goods that are being exported are also considered as Export of services?

Place of supply of services provided by the applicant are within the Country and hence liable to SGST & CGST and will not be treated as export.

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